

- *Study similar organizations that have registered success with global initiatives.* Discuss their strategies.
- *Establish chapters or affiliates overseas.* Typically, each chapter or affiliate operates autonomously while adhering to organizational guidelines (such as mission, code of ethics, financial reporting, and so forth).
- *Attend meetings with board members from your international counterparts.* Look for ways your organizations can work together to address similar issues or interests.
- *Revise the governance structure to encourage wider participation.* Board meetings via audio or teleconference may make more sense for directors scattered across time zones, although state laws probably require at least one face-to-face meeting annually. Consider forming an international advisory council (see Question 18).
- *Organize a board study mission abroad.* When board members meet face-to-face with their counterparts in other countries, they will better understand global challenges and opportunities.

SUGGESTED ACTION STEPS

1. Board chair, schedule a brainstorming session for board members to discuss the implications of expanding into international markets or programs.
2. Board members, appoint a task force of board and staff members to research what steps, large or small, your organization can take toward globalization.

QA

81.

Should our charitable organization engage in lobbying?

True or false: the law forbids a 501(c)(3) organization from engaging in activities aimed at influencing legislation, commonly known as lobbying.

The statement is false. Within limits, a charitable organization can engage in lobbying. In fact, many more organizations could increase their impact by carefully undertaking lobbying activities. They are not permitted to engage in electioneering—getting involved in supporting or opposing a particular political candidate. (Get-out-the-vote and voter education campaigns are not considered electioneering.) Many fewer restrictions apply to 501(c)(6) associations and 501(c)(4) social welfare organizations, which, for example, may devote their main efforts to lobbying and may disburse funds to specific candidates through political action committees (PACs). At the other end of the spectrum, private foundations cannot engage in any type of lobbying or political activity.

Lobbying policymakers is just one aspect of political or social involvement. Another is advocacy, which means simply arguing in favor of a particular cause or action. By their very existence, nonprofit organizations are advocates for something specific, such as the arts, the environment, education, and so forth. And one of the responsibilities of a board member is to support and speak in favor of the organization itself, at every opportunity.

When advocacy becomes more intense and directed toward legislators or even the general public, it can turn into lobbying. The Internal Revenue Service (IRS) recognizes two categories of lobbying:

- *Direct lobbying* involves direct contact between legislators and an organization. It refers to specific legislation, communicates the organization's strong preference or firm position on that legislation, and guides the legislator to vote in a certain manner.
- *Grassroots lobbying* is directed at the general public and includes a "call to action" for the public to contact their legislative body about a specific piece of legislation. This type of lobbying also communicates a particular position or preference for or against the legislation.

To be considered lobbying, an activity must meet all of the criteria outlined in the definitions. For example, informing a segment of the public about a piece of legislation without issuing a specific call to action would not fulfill the definition of grassroots lobbying.

Remember, charitable organizations are well within their rights to engage in either direct or grassroots lobbying. The only restriction, according to the IRS, is that lobbying cannot represent a "substantial part" of the organization's overall activities. Because the IRS has not defined "substantial," many nonprofits shy away from lobbying altogether and therefore miss out on opportunities to influence policymakers' decisions.

A better choice for the organization might be to avoid the ambiguity and submit to the lobbying expenditure test as outlined in section 501(h) of the Internal Revenue Code. Under the 501(h) option, a charitable organization cannot spend more than 20 percent of its first \$500,000 of exempt expenditures on lobbying. In total, expenditures related to lobbying cannot top \$1 million, with no more than 25 percent of those expenditures devoted to grassroots lobbying. The 501(h) option tallies actual money and staff time spent on lobbying, which the organization is probably tracking anyway, so it's an easier path to exercising influence over issues of concern.

Note, however, that funds obtained through federal grants cannot be spent on lobbying activities.

Lobbying doesn't have to be a big-dollar activity that takes place only in statehouses and on Capitol Hill. Depending on your organization's scope, you can seek to influence decisions made by members of city councils or regional boards.

SUGGESTED ACTION STEPS

1. Chief executive, invite a legal expert to give a presentation on how the organization can participate in government relations activities without jeopardizing its tax-exempt status.
2. Board members, appoint a task force of board and staff members to research whether it would be beneficial for the organization to participate in a coalition or legislative monitoring program with other organizations that have similar positions on issues.